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AGRICULTURAL AGGREGATION

« New generation »



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SUMMARY

INTRODUCTION

01

CONCEPT OF AGRICULTURAL
AGGREGATION

02

REASONS FOR CHOOSING
AGRICULTURAL AGGREGATION

03

ADVANTAGES OF AGRICULTURAL
AGGREGATION

04

GOVERNMENT SUPPORT FOR
AGGREGATION PROJECTS

05

INCENTIVE SYSTEM FOR AGRICULTURAL
AGGREGATION PROJECTS WITHIN THE
AGRICULTURAL DEVELOPMENT FUND

ANNEX





INTRODUCTION



INTRODUCTION

Agricultural aggregation, an innovation introduced by the Green Morocco Plan, is considered to be the keystone of national agriculture. It consists of a model for organizing farmers around private actors or professional organizations with federative and managerial capacities, which makes it possible to overcome the constraints linked to the fragmentation of land structures, while ensuring that aggregated farms can benefit from modern production techniques and can access domestic and foreign markets. Aggregators, for their part, ensure that their agro-industrial units are supplied with quality products with guaranteed traceability, within the framework of a win-win partnership between upstream production and downstream commercial and industrial operations, based on contracts that clearly define the commitments of both parties within the framework of clearly identified agricultural aggregation projects.

Successful national and international experiences testify to the relevance of this strategic choice. Thus, since the launch of the Green Morocco Plan, the State has been careful to create the legal, incentive and institutional conditions for the development of agricultural aggregation projects, while ensuring continuous improvement of these conditions by capitalizing on experiences on the field.

Today, as part of the "Generation Green" strategy, agricultural aggregation is being further strengthened to meet the new challenges of marketing and adding value to agricultural production, which cannot be met without integration between the various links in the value chain.

In fact, the "Generation Green" strategy, in its first principle relating to the prioritization of the human element, calls for the launch of a new generation of agricultural organizations, notably through the spin-off of new models of organization, agricultural cooperatives and aggregation combining economic and social value.

INTRODUCTION



To this end, the State plans to launch a new generation of innovative aggregation projects that will act as regional and national hubs for the transfer of new technologies to farmers, particularly in the field of digital agriculture, and that will take into account the specific features of each sector and territory before and during their implementation.

NEW-GENERATION AGGREGATION PROJECTS ARE :

- ▶ Projects that take into account the specific characteristics of each sector and region, both before and during implementation;
- ▶ Projects that emphasize the integration of young people and women at both upstream and downstream levels;
- ▶ Aggregation champions who will act as a locomotive for local and regional development and organization;
- ▶ Innovative projects that will act as regional and national hubs for the transfer of new technologies, in particular the digitization of Moroccan agriculture;
- ▶ Projects that generate significant downstream investment and sustainable employment.

The purpose of this guide is to clarify the concepts associated with aggregation and the measures taken by the State to develop this form of farmer organization.





01

CONCEPT OF AGRICULTURAL AGGREGATION

01

CONCEPT OF AGRICULTURAL AGGREGATION DEFINITIONS

Law n°04-12 on agricultural aggregation defines the concepts related to agricultural aggregation as follows:



AGRICULTURAL AGGREGATION

A form of organization based on the voluntary grouping of farmers called "aggregates" by an "aggregator" around an agricultural aggregation project.



AGRICULTURAL AGGREGATION PROJECT

Any agricultural project grouping together, for a given period, aggregates and an aggregator for the development of one or more segments of a plant and/or animal commodity chain involving the production and/or packaging and/or storage and/or processing and/or marketing of products from the said commodity chain.



CONCEPT OF AGRICULTURAL AGGREGATION DEFINITIONS



THE AGGREGATE

Any farmer, natural person or legal entity under public or private law, including cooperatives, associations or economic interest groups, grouped together by the aggregator to carry out an agricultural aggregation project.



THE AGGREGATOR

Any natural or legal person public or private law including cooperatives, associations or economic interest groups which brings together aggregates for the implementation of an agricultural aggregation project.



AGRICULTURAL AGGREGATION CONTRACT

The contract concluded between an aggregator and aggregates for the implementation of an agricultural aggregation project.

01

CONCEPT OF AGRICULTURAL AGGREGATION OBJECTIVES OF AGRICULTURAL AGGREGATION

Law n°04-12 on agricultural aggregation defines agricultural aggregation as a voluntary grouping of farmers aggregated around an aggregator for the implementation of an agricultural project, with a view to achieving one or more of the following objectives



- The organization of agricultural production, in particular through the technical supervision of farmers, the pooling of means of production and access to inputs;
- Facilitating access to financing and/or insurance systems;
- Facilitating and optimizing the marketing of agricultural products;
- Improving marketing conditions for agricultural products.



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REASONS FOR CHOOSING AGRICULTURAL AGGREGATION

02

REASONS FOR CHOOSING THE AGRICULTURAL AGGREGATION

The choice of agricultural aggregation as the preferred organizational model for farmers in the implementation of new-generation aggregation projects is driven by the following five reasons :

REASON 1

Agricultural aggregation is an attractive and competitive solution for extending the upstream perimeter in the face of a limited land offer in rural areas.

REASON 2

It also optimizes the link between the market, upstream production and the entire value chain, through ... :

- The aggregator's skills in terms of market knowledge and ability to adapt the production offer to potential outlets (e.g., appropriate varietal choice, suitable packaging);
- A cost-competitive logistical link between production and the destination market, avoiding the need for a multitude of intermediaries and excessive margin erosion.

REASONS FOR CHOOSING THE AGRICULTURAL AGGREGATION



REASON 3

This mode contributes to the generalization of good techniques by means of the supervisory teams mobilized by the aggregator, on the one hand, and the in-house production units (Nucleus Farm) managed by the aggregator and constituting demonstration platforms, on the other.

REASON 4

Agricultural aggregation can provide small farmers with access to financing, through the possibility of direct financing of farmers by banks on the basis of agricultural aggregation contracts and/or advances and inputs granted by the aggregator to aggregates.

REASON 5

It enables sharing risks between the aggregator and the aggregates, as the production risk is mainly assumed by the aggregates, while the marketing risk is mainly assumed by the aggregator. The use of appropriate insurance policies helps to mitigate these risks for both parties.





03



ADVANTAGES OF AGRICULTURAL AGGREGATION

03

ADVANTAGES OF AGRICULTURAL AGGREGATION



IN MONETARY TERMS



FOR THE AGGREGATE

- ▶ Improved and more stable income;
- ▶ Access to more efficient inputs;
- ▶ Lower input costs;
- ▶ Control working capital requirements;
- ▶ Reduced credit risks;
- ▶ Access to more suitable means of financing;
- ▶ Access to government subsidies.



FOR THE AGGREGATOR

- ▶ Reduced investment costs;
- ▶ Reduced personnel costs;
- ▶ Reduced transaction costs;
- ▶ Optimization of production resources and capacities;
- ▶ Economies of scale;
- ▶ Access government subsidies specific to aggregation Law.

ADVANTAGES OF AGRICULTURAL AGGREGATION



IN NON-MONETARY TERMS



FOR THE AGGREGATE

- ▶ Enhance and improve production quality;
- ▶ Reliable and stable market access;
- ▶ Reduce market risks;
- ▶ Access to agricultural advisory services and new technologies;
- ▶ Reduced barriers to production of high-risk crops;
- ▶ Opportunities for conversion to more profitable sectors;
- ▶ Marketing of production under contracts guaranteed by the law on agricultural aggregation.



FOR THE AGGREGATOR

- ▶ Access to a large land base without raising capital;
- ▶ Development of commercial capabilities to conquer new markets;
- ▶ Regular and sustainable sourcing of quality products;
- ▶ Risk diversification;
- ▶ Better match between production and market needs;
- ▶ Marketing of production under contracts guaranteed by the law on agricultural aggregation.





04

GOVERNMENT SUPPORT FOR AGGREGATION PROJECTS

04

GOVERNMENT SUPPORT FOR AGRICULTURAL AGGREGATION PROJECTS

Since the launch of the Green Morocco Plan, the government has set up an institutional, legal and incentive environment to support aggregation projects:



ON A LEGAL LEVEL

- ▶ Promulgation of law no. 04-12 on agricultural aggregation;
- ▶ Securing contractual relations between aggregators and aggregates;
- ▶ Mandatory clauses to be included in aggregation contracts;
- ▶ Obligation to use conventional mediation to settle any disputes.



AT THE INSTITUTIONAL LEVEL

- ▶ The Agency for the Agricultural Development, in coordination with the relevant Regional and Central Directorates of the Department of Agriculture, oversees the development of aggregation by creating the framework conditions and supporting the implementation and monitoring of aggregation projects.

GOVERNMENT SUPPORT FOR AGRICULTURAL AGGREGATION PROJECTS



IN TERMS OF INCENTIVES

- Aggregation projects carried out around a Valorization Unit benefit from a flat-rate subsidy to encourage aggregation and a preferential-rate subsidy under the Agricultural Development Fund.

The current range of aggregation projects comprises 36 models, including 27 for crop production and 9 for animal production.







INCENTIVE SYSTEM FOR AGRICULTURAL AGGREGATION PROJECTS WITHIN THE AGRICULTURAL DEVELOPMENT FUND

05

INCENTIVE SYSTEM FOR AGRICULTURAL AGGREGATION PROJECTS

Aggregation projects built around a valorization unit benefit from two types of subsidy under the Agricultural Development Fund :

- Flat-rate-subsidy for technical assistance and support for aggregates;
- The preferential-rate subsidy for investments in agricultural and livestock equipment, and in drip or supplementary irrigation systems.



INCENTIVE SYSTEM FOR AGRICULTURAL AGGREGATION PROJECTS



FLAT-RATE-SUBSIDY

The flat-rate subsidy to encourage agricultural aggregation for the aggregator's technical assistance and support for aggregates in achieving the objectives set out in the agricultural aggregation project concerned.

Paid in three instalments, based on lists of aggregators supplied annually by the aggregator and approved or revised during the first three years of delivery of the production of the agricultural aggregation project concerned.



PREFERENTIAL-RATE SUBSIDY

The preferential-rate subsidy is granted to aggregators and also to the aggregator for the areas/stock numbers/number of hives it operates, and to aggregators, for investments made in the acquisition of agricultural equipment and/or livestock equipment and/or equipment for drip or supplemental irrigation systems.

The subsidy applies to all agricultural sectors, including those without a predefined aggregation model, provided the project is built around a value-added unit.



05

INCENTIVE SYSTEM FOR AGRICULTURAL AGGREGATION PROJECTS



FLAT-RATE GRANT

Served in three instalments on the basis of aggregate lists over the first three years of production delivery.



2 EXCEPTIONAL SECTORS

Oilseed crops:

The subsidy is paid in three instalments based on tonnage delivered during the first three years of project implementation.



Sugar crops:

The subsidy is granted on the basis of areas added to the reference situation corresponding to the average area sown during the three crop years of 2010, 2011 and 2012.



PREFERENTIAL-RATE SUBSIDY

Served in two instalments after completion of the investment to be subsidized.



3 TYPES OF INVESTMENT

Purchase of agricultural equipment



Purchase of breeding equipment



Endowment with drip or supplemental irrigation systems



INCENTIVE SYSTEM FOR AGRICULTURAL AGGREGATION PROJECTS



THE CURRENT RANGE OF AGRICULTURAL AGGREGATION PROJECTS INCLUDES:

36

AGGREGATION PROJECT MODELS

27



PLANT PRODUCTION MODELS

9



ANIMAL PRODUCTION MODELS



- The terms and conditions for granting subsidies are detailed in the Aggregator's Guide and the Aggregate's Guide;
- Models for agricultural aggregation projects, eligibility thresholds and flat-rate subsidy amounts are detailed in the implementing decrees for law 04-12 on agricultural aggregation, as well as in the aggregator's guide.





ANNEX



LAW N°04-12 RELATING AGRICULTURAL AGGREGATION

LAW N°04-12 RELATING AGRICULTURAL AGGREGATION



CHAPTER ONE : GENERAL PROVISIONS

ARTICLE 1 :

The present law sets out the rules applicable to contractual relations between an aggregator and aggregates for the implementation of agricultural aggregation projects, with a view to securing transactions, particularly commercial transactions, between the contracting parties.

To this end, it establishes the framework for State regulation of agricultural aggregation projects by setting out the mandatory clauses that must be included in agricultural aggregation contracts, and the tools designed to promote the settlement of disputes arising during the performance of agricultural aggregation contracts.
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ARTICLE 2 :

For the purposes of the present law and the texts adopted for its application, the following definitions apply: Agricultural aggregation: the form of organization based on the voluntary grouping of farmers called "aggregates" by an "aggregator" around an agricultural aggregation project;

Agricultural aggregation project: any agricultural project grouping together, for a given period of time, aggregates and an aggregator for the development of one or more segments of a plant and/or animal commodity chain, involving the production and/or packaging and/or packaging and/or storage and/or processing and/or marketing of the products of the said commodity chain;

Aggregate: any farmer, natural person or legal entity under public or private law, including cooperatives, associations or economic interest groupings, grouped together by the aggregator to carry out an agricultural aggregation project;

LAW N°04-12 RELATING AGRICULTURAL AGGREGATION

Aggregator: Any natural or legal person public or private law including cooperatives, associations or economic interest groups which brings together aggregates for the implementation of an agricultural aggregation project;

Aggregation contract: the contract concluded between an aggregator and aggregates for the implementation of an agricultural aggregation project.

CHAPTER II: AGRICULTURAL AGGREGATION PROJECT

ARTICLE 3 :

The agricultural aggregation project must target one or more of the following objectives:

- Organization of agricultural production, notably through technical support for farmers, pooling of production resources and/or access to inputs;
- Facilitating access to financing and/or insurance systems;
- Facilitating and optimizing the flow of agricultural products to consumer markets, agro-industrial processing units and export markets;
- Improving marketing conditions for agricultural products, in particular through logistics organization and the development of packaging, storage, grouping, conditioning, processing and preservation techniques.

ARTICLE 4 :

Prior to its implementation, any agricultural aggregation project must be approved by the competent administrative authority in accordance with the forms and procedures laid down by regulation. Approval of the agricultural aggregation project gives rise to the issue of a certificate to this effect.

LAW N°04-12 RELATING AGRICULTURAL AGGREGATION



ARTICLE 5 :

The agricultural accreditation certificate referred to in article 4 above is issued to the accreditor and the accredited person, on his behalf, by the administrative authority responsible for the agricultural accreditation project, in accordance with the forms and procedures laid down by regulation.

ARTICLE 6 :

Aggregates and aggregators may be eligible for all state aid granted for agricultural investment in accordance with the regulations relating to the Agricultural Investment Code and the texts taken for its application. (Copyright Artémis 2012 - all rights reserved)

ARTICLE 7 :

In the event of failure by the aggregator or an aggregate to meet its commitments under the agricultural aggregation project, the agricultural aggregation certificate issued to the aggregator or aggregate will lapse.

In this case, the State reserves the right to take any legal action it deems necessary to obtain compensation for the damage suffered from From the aggregator and/or the aggregate. Should the agricultural aggregation certificate lapse, the beneficiary is not entitled to claim any compensation from the State for loss suffered as a result.

CHAPTER III : THE AGRICULTURAL AGGREGATION CONTRACT

ARTICLE 8 :

Without prejudice to the provisions of the dahir forming the Code of Obligations and Contracts, as amended and supplemented, the aggregator may enter into one or more agricultural aggregation contracts depending on his or her crop or livestock production or the final destination of that production.

LAW N°04-12 RELATING AGRICULTURAL AGGREGATION

ARTICLE 9 :

Under penalty of nullity, the agricultural aggregation contract must contain the following clauses:

- The location of the plots and/or identification of the livestock involved in the agricultural aggregation project;
- The nature of the technical assistance and support provided by the aggregator to the agri-aggregate;
- Agreed prices for the delivery of production, or how they are to be set;
- Minimum production quality standards required by the aggregator;
- The minimum yield set according to the technical conduct agreed for the plant or animal production covered by the contract;
- The obligation to deliver the quantity of production agreed by the aggregators according to a defined schedule and delivery terms;
- The keeping, by the aggred party, of a register tracing the operations undertaken for the implementation of the production object of the contract;
- Terms and conditions of payment for the product delivered by the aggregator;
- Recourse to conventional mediation in accordance with the provisions of article 12 below, and, where applicable, the appointment of a mediator by the parties;
- Recourse to arbitration, where applicable;
- The duration of the contract, determined in particular according to the nature of the activities covered by the contract, with the possibility of introducing periodic review clauses.

When the agricultural aggregation contract concerns an aggregate benefiting from an agricultural lease, the duration of said contract must not exceed the duration of the lease contract for the property that is the subject of the agricultural aggregation project. (Copyright Artémis 2012 - all rights reserved)



LAW N°04-12 RELATING AGRICULTURAL AGGREGATION

ARTICLE 10 :

In addition to the mandatory provisions set out in article 9 above, the agricultural aggregation contract must contain clauses relating to other commitments agreed between the parties concerning :

- Financing and payment deadlines for production under the agricultural aggregation project covered by the contract;
- The investment envisaged by the agricultural aggregation project, in particular the nature, terms and conditions and timetable for completion;
- The supply of inputs provided for in the agricultural aggregation project, in particular the nature, quantity and terms of supply;
- Insurance contract(s) entered into as part of the agricultural aggregation project, in accordance with current insurance legislation and regulations.

ARTICLE 11 :

The aggregator and the aggregated parties may refer to existing standards recognized or defined by the Interprofessional organizations, where such exist, when drawing up the clauses relating to the information referred to in articles 9 and 10 above.

CHAPTER IV : DISPUTE RESOLUTION

ARTICLE 12 :

In the event of a dispute between the parties concerning the performance of the agricultural aggregation contract, recourse to conventional mediation is compulsory before any other arbitration or litigation procedure is initiated.

To this end, the agricultural aggregation contract must contain a mediation clause in accordance with the provisions of article 327-61 and subsequent articles having the same purpose of the code of civil procedure as amended by law no. 08-05 repealing and replacing chapter VIII of title V of the code of civil procedure promulgated by

LAW N°04-12 RELATING AGRICULTURAL AGGREGATION

dahir no. 1-07-169 of 19 kaada 1428 (November 30, 2007).

However, in the event that the mediator is not designated in the agricultural aggregation contract, the conventional mediation provided for by the aforementioned law n° 08-05 is carried out by a collegiate body composed as follows:

- The president of the regional chamber of agriculture or his or her representative in whose jurisdiction the farm concerned by the agricultural aggregation project is located;
- The representative appointed by the interprofessional organization, where such exists, of the sector concerned by the agricultural aggregation project;
- The regional representative of the department responsible for agriculture in whose area the farm concerned by the agricultural aggregation project is located. This representative chairs the committee and acts as its secretary.

When the aggregation project concerns collective land, the representative of the local authority in whose jurisdiction the building concerned is located, joins the aforementioned collegiate body.

In the case of agricultural aggregation projects falling within the territorial jurisdiction of several regions, the above-mentioned collegiate body is made up, in addition to the representative appointed by the Interprofessional organizations where it exists, of the presidents of the chambers of agriculture and representatives of the department responsible for agriculture in the said regions. The president of the collegial body is appointed by the government authority in charge of agriculture.

LAW N°04-12 RELATING AGRICULTURAL AGGREGATION

ARTICLE 13 :

The mediation must be concluded within a maximum of one month from the date of referral to the mediator or the chairman of the aforementioned collegiate body.

At the end of the conciliation procedure, a conciliation or non-conciliation report is issued, mentioning the conclusions of the conventional mediation or the possibility for the parties to resort to arbitration or litigation. The conciliation provisions apply to the parties in accordance with the procedural laws in force.

ARTICLE 14

The present law comes into force after publication of its implementing regulations.



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